REMARKS

After entry of the foregoing amendment, claims 10-29 are pending in the application.

In the last response, applicants traversed the June 2003 restriction requirement. In the January 2005 Action, the Examiner did not respond to that traverse. Accordingly, applicants understand that the restriction requirement has been made final. Thus, the non-elected claims are canceled. Applicants may pursue such claims in one or more related applications.

The § 101 rejection is respectfully traversed. As MPEP § 2106 IV B notes:

> "[F]unctional descriptive material" consists of data structures and computer programs which impart functionality when employed as a computer component.

In claim 10, the recited machine readable data imparts functionality when employed as a computer component. That is, it specifies "an on-line computer address associated with said invoice."

To make this functionality more explicit, claim 10 (and claims 15-16) have been amended in minor respects (*i.e.*, now specifying "to which a computer device presented therewith can establish a link"). Dependent claims 24-29 have also been added.

Claim 17 is properly statutory because the software instructions impart functionality: they process image data to extract a steganographically-encoded watermark payload." (Claim 17 is amended only to correct a typographical error: 'encode' should have been 'encoded').

All of the claims stand rejected as obvious over Zhao (6,243,480). The rejections are respectfully traversed.

Among other shortcomings, the rationale offered to justify the modifications to Zhao to yield the claimed arrangements falls short. The Action states:

> *Regarding statements, invoices and checks, the system of Zhao et al is directed to the authentication of printed and financial documents (column 10, lines 22-35) therefore, it would have been obvious to one of ordinary skill to apply the system of Zhao et al to the authentication of invoices and the like in order to prevent fraud.*

It will be recognized that none of applicants' claimed combinations recites fraud prevention. Rather, the claims are directed, *e.g.*, to identifying computer addresses with which invoices and checks can be linked. The stated motivation offered in the Action of "in order to prevent fraud" would not lead an artisan reading Zhao to encode computer address information, as claimed.

(Zhao's fraud-prevention teachings do not rely on encoding address information. Rather, Zhao's fraud prevention is said to arise by matching machine-readable information on a document with text information ("semantic information") printed on the same document (*c.f.*, col. 10, lines 22-35). No address information is involved in Zhao's teachings concerning fraud prevention.)

Another issue is that Zhao has no teaching concerning electronic checkbook software, as recited in claim 17.

In view of such deficiencies, other points that might be raised in connection with the claims, the art, and the rejection, are not belabored.

Reconsideration is requested.

Date: May 24, 2005

CUSTOMER NUMBER 23735

Phone: 503-885-9699
FAX 503-885-9880

Respectfully submitted,

DIGIMARC CORPORATION

By _____
William Y. Conwell
Registration No. 31,943